



September 22, 2005

BY ELECTRONIC FILING

Marlene M. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: WC Docket 05-261: Notification of Oral Ex Partes, *In the Matter of Fones4All Corporation's Petition for Expedited Forbearance Under 47 U.S.C. § 160 (c) and Section 1.53 from Application of Rule 51.319(d) to Competitive Local Exchange Carriers Using Unbundled Local Switching to Provide Single Line Residential Service to End Users Eligible for State or Federal Lifeline Service*

Dear Ms. Dortch:

On September 21, 2005, Bettina Cardona, President of Fones4All Corporation ("Fones4All") and the undersigned conducted separate ex parte meetings with Jeremy Miller, Deputy Chief, Competition Policy Division; Adam I. Kirschenbaum, Attorney for the Competition Policy Division; Tim Stelzig, Attorney Advisor for the Wireline Competition Bureau; Russell Hanser, Acting Legal Advisor for Wireline Competition Issues to Commissioner Abernathy and Scott Bergmann, Legal Advisor for Wireline Issues to Commissioner Adelstein. The parties discussed the points set forth in the attached presentation.

In accordance with the Commission's rules, 47 C.F.R. Sec. 1.1206(b)(1), Fones4All is electronically filing in the above-referenced docket this letter, along with the attached materials.

Respectfully submitted,

Ross A. Buntrock
Counsel to Fones4All Corporation

cc: Jeremy Miller (via electronic mail)
Scott Bergmann (via electronic mail)
Adam I. Kirschenbaum (via electronic mail)

Russell Hanser (via electronic mail)
Tim Stelzig (via electronic mail)



Fones4All Corp.

**Petition for Expedited Forbearance
WC Docket 05-261**

Ross Buntrock, Womble Carlyle
Bettina Cardona, Pres., Fones4All
Sept. 21, 2005

Overview



- Who is Fones4All?
- What does Fones4All Do?
- The Need For UNE-P For Lifeline Eligible End Users
- Conclusion

Who is Fones4All?



- A California-based CLEC focused on low income single line residential customers who qualify for Lifeline.
- Approximately 70,000 single line residential Lifeline customers in California.
- Transitioning to facilities but need continued access to UNE-P to serve customers in wire centers without critical mass.



What Does Fones4All Do?

- Fones4All actively markets Lifeline service to eligible consumers throughout California.
 - Fones4All uses methods recommended by the Joint Board and adopted by the Commission.
 - Billboards, public transit ads, newspaper, community events, partnerships with public assistance agencies and CBOs.
 - Fones4All has little competition other than ILECs and unscrupulous prepaid phone service providers.
 - ILECs market Lifeline primarily through bill inserts.
 - Prepaid service providers often charge Lifeline eligible customers significantly more than market rates.

The Need For UNE-P to Provide Lifeline

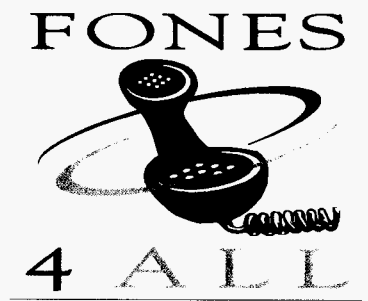
FONES



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- According to FCC's May 2005 *Telephone Subscribership in the United States* report 6.5 million American households are still without POTS service.
- This is the fourth consecutive report in which the percentage of households in the U.S. with telephone service has actually dropped.
- Minority and poor make up most of the population without POTS service.
- As Commission has recognized, most recently in Sept. 8, 2005 TracFone Order, only one-third of households currently eligible for Lifeline assistance actually subscribe to the program.
- Fones4All is achieving the goals of Lifeline program.

The Need UNE-P to Provide Lifeline



- Competitors Are Hampered In Providing Universal Service to Lifeline Eligible End Users Because Reimbursement of Competitors Is Tied to ILEC Retail Rates
 - Under state and federal law, carrier reimbursement rates for all carriers providing universal service are based upon ILEC cost factors
 - USTA courts recognize that subsidized, below cost retail rates can create impairment in markets where state regulation holds rates below cost.
 - Particularly true for competitive carriers serving the universal service eligible market because reimbursement of CLECs from state and federal universal service funds is tied, by law, to ILEC retail basic exchange service.
 - Therefore, even a completely facilities based CLEC can never be fully reimbursed for the costs it incurs in providing the service in the same way that ILECs are.

Allowing UNE-P for Lifeline Furthers the Goals of the Universal Service Program



- Section 254 establishes principles upon which the Commission shall base policies for the preservation and advancement of universal service.
 - Consumers in all regions of the Nation, including low-income consumers, should have access to telecommunications and information services that are reasonably comparable to those services provided in urban areas.
 - Available at rates that are reasonably comparable to rates charged in urban areas. These principles also recognize that ensuring rates are affordable is a national priority.

UNE-P Lifeline Furthers the Goals of the Universal Service Program



- The universal service market stands in stark contrast to the mainstream residential market.
- Low income customers cannot afford even unsubsidized basic wireline service.



UNE-P Lifeline Furthers the Goals of the Universal Service Program

- Intermodal alternatives are clearly out of reach for low income subscribers.
 - VoIP requires a broadband connection that, according to *UNE Fact Report*, costs between \$72-\$90 per month.
 - Cable telephony requires cable service availability and the means to subscribe—often no cable plant in low income areas.
 - Wireless service requires credit checks and long term contracts and does not provide consumer protections of wireline service.
 - Most of the plant in poor urban areas has not been upgraded to support broadband services with no plans for future upgrades.

Conclusion



- Without competitive providers of Lifeline, low income subscribers will be forced to rely on either unscrupulous prepaid providers or ILECs.
- ILECs have little incentive to serve high-cost, low income customers.
- Competitors cannot economically serve low income populations without access to UNE-P.
- Resale and UNE-L are not viable substitutes.

Conclusion



- As Commissioner Abernathy recognized in the TracFone Order, “it is essential that we take all possible steps to ensure that low-income users are not barred from utilizing available support on the basis of the specific technologies they wish to use or the specific business plans pursued by their service providers.”